

FISCAL NOTE

SB 445 - HB 507

March 30, 2001

SUMMARY OF BILL: (1) Provides a mechanism for a constitutional convention to consider altering, reforming, or abolishing the present Constitution of Tennessee with respect to Article IX, Section 5 relative to the prohibition of lotteries and the sale of lottery tickets; (2) requires the question of calling a constitutional convention to be submitted to the voters at the August 2002 election; and (3) requires the Secretary of State to publish notice of such an election in a newspaper of general circulation in each county.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$20,000 One-Time

Estimate assumes:

- a cost of \$20,000 to publish notices in the newspaper in each county.
- minimal election expenses, since the question of calling a convention will be placed on the regular August election ballot.

For information purposes, the following should be noted:

1. estimated cost of holding a constitutional convention with 18 delegates to consider the issues contained in the bill is as follows: 15 days - \$79,000; 20 days \$101,000; 30 days \$147,000.
2. adoption of a lottery is estimated to generate a net increase in state revenues in excess of \$200,000,000. This estimate was made using per capita gross proceeds of surrounding states that have lotteries. Estimate assumes approximately 10% of gross proceeds will go for administration, 50% for prizes with the remaining 40% retained by the state. Percentages reflect prevailing rates experienced by states having lotteries.
3. cost to hold a statewide referendum that is not conducted in conjunction with a statewide election is approximately \$4,000,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director